



**THE PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS
AUTHORITY**

PROCUREMENT AND DISPOSAL AUDIT REPORT

MAKERERE UNIVERSITY BUSINESS SCHOOL

FINANCIAL YEAR 2018/2019

NOVEMBER 2019

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Acronyms

AO	Accounting Officer
BEB	Best Evaluated Bidder
FY	Financial Year
HPDU	Head Procurement and Disposal Unit
MUBS	Makerere University Business School
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
VAT	Value Added Tax

EXECUTIVE SUMMARY

Introduction

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Makerere University Business School. The audit covered forty-one(41) procurement transactions that were carried out during the Financial Year 2018/19. The audit involved a review of the procurement system, procurement process, asset disposal process, and the procurement performance indicators following the Public Procurement and Disposal of Assets Act, 2003 and Central Government Regulations, 2014.

From the findings of the procurement audit exercise, the summary performance of your Entity revealed that the compliance score was 83.21%, the performance score was 79.13% and the overall weighted average performance of **80.76%** which is **satisfactory** performance as summarized in the table below:

Table 1: Overall Procurement Performance Score

Compliance Indicator	Score %	Weight	Weighted Score
Average Compliance Indicator Score	83.21	0.4	33.28
Average Performance Indicator Score	79.13	0.6	47.48
Entity's Weighted Procurement Performance Score			80.76

Table 2: Performance rating

No.	Compliance level (%)	Compliance Rating
1.	90-100	Highly Satisfactory
2.	60-89	Satisfactory
3.	30-59	Unsatisfactory
4.	0-29	Highly Unsatisfactory

Despite the satisfactory performance, below are the factors that prevented the Entity from achieving 100%:

1. Delayed signing of contracts in two (2) procurements worth UGX 671,365,010 leading to delays in service delivery;
2. Delayed submission to the Solicitor General for approval of the draft contract document in the procurement for supply of office printers – Lot 2 (Heavy Duty Printers) (MUBS/Supls/2018-19/00002/1) worth UGX 235,948,080;
3. Issuance of inadequate solicitation documents to bidders in six (6) procurements worth UGX 1,187,973,108. The solicitation documents included brand names, excluded the requirements for preference schemes and did not have adequate terms of reference;
4. Delayed submission to the Contracts Committee in three (3) procurements worth UGX 890,109,044 that led to increases in the procurement lead times;
5. Failure to make use of framework contracts for repeatedly procured items such as drugs for MUBS Main Campus (MUBS/Supls/2018-19/00029) worth UGX 101,430,650;
6. Failure by the Entity and providers to adequately meet contractual obligations in three (3) procurements worth UGX 2,218,121,449 leading to delays in service delivery and unjustified variations; and
7. Delayed evaluation of bids in two (2) procurements worth UGX 137,430,650.

Recommendations:

1. The Accounting Officer should ensure that procurements are undertaken in a manner that enhances efficiency as required by Section 43 of the PPDA Act 2003;
2. The Accounting Officer Unit should ensure efficiency in submissions to the Solicitor General for approval of draft contract documents in accordance with Section 43 (e) of the PPDA, Act 2003;
3. The Accounting Officer should caution; the Contracts Committee, the Head, Procurement and Disposal Unit and User Departments for failure to adhere to Regulations 27 and 37 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2014 in the preparation of solicitation documents;
4. The Head, Procurement and Disposal Unit should ensure efficiency in submissions to the Contracts Committee in accordance with Section 43 (e) of the PPDA, Act 2003;
5. The Head, Procurement and Disposal Unit should ensure that framework contracts are entered into for commonly procured items to provide an efficient, cost effective and flexible way of procuring supplies or services that are needed continuously or repeatedly over a period of time by reducing procurement costs and time in accordance with PPDA Guideline 10 of 2014;
6. The Accounting Officer should prevail over Heads of User Departments to ensure that contract managers carry out their functions in accordance with Regulation 53 of the PPDA (Contracts) Regulations, 2014; and
7. Chairpersons of Evaluation Committees should always ensure that evaluation is completed within the stipulated time limits as per Regulation 5 (1) of the PPDA (Evaluation) Regulations, 2014. In the event that the Evaluation Committee is unable to complete the evaluation of bids within the prescribed time, the Evaluation Committee should in writing explain to the Accounting Officer the reasons for this and request for extension of the time period for the evaluation exercise in accordance with Regulation 5 (2) of the PPDA (Evaluation) Regulations, 2014.

Recommended Action plan

Makerere University Business School should implement the recommended action plan on pages 38-39.

CHAPTER 1: INTRODUCTION

1.1. Background

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Makerere University Business School. The audit covered a representative sample of thirty (30) procurement/disposal transactions that were carried out during the Financial Year 2018/19. The audit involved a review of the procurement system, procurement processes, asset disposal processes, and the procurement performance indicators following the Public Procurement and Disposal of Assets Act, 2003 and Central Government Regulations, 2014.

1.2. Objectives of the Audit

The overall objective of the procurement and disposal audit was to assess and establish the degree of compliance of the Entity's procurement system and processes with the provisions of the PPDA Act, 2003 and Regulations, 2014 and assess the level of procurement performance over the audit period.

The specific objectives were:

1. To establish the level of compliance of the internal procurement system with provisions of the PPDA Act, Regulations and Guidelines and the adequacy for effective procurements and disposals.
2. To assess procurement, contracting, and implementation processes based on a representative sample of contracts to confirm the level of compliance with the PPDA Act, Regulations and Guidelines.
3. To assess the level of compliance of the asset disposal contracts with the PPDA Act, Regulations and Guidelines.
4. To establish the level of procurement performance of the Entity and the achievement of value for money for each of the sampled contracts in terms of time, competition and cost.
5. To offer an opinion on attainment of value for money and recommend measures to improve performance based on the key findings on the procurement system, processes, and performance.

1.3. Scope of the Audit

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Makerere University Business School from 13th August 2019 to 17th September 2019.

The Entity had a total procurement budget of UGX10,775,519,979 in the Financial Year 2018/19.

The audit questions and criteria were derived from the Public Procurement and Disposal of Assets Act, 2003 and Regulations, 2014 as well as PPDA Guidelines. The three audit tools used in the audit were: procurement system audit criteria, procurement process audit criteria, and asset disposal audit criteria as contained in the PPDA Procurement Audit Manual.

1.4. Methodology

To prepare for the audit, the auditors reviewed the Entity budget, procurement plan and monthly reports. The procured items in the transaction list were stratified by (a) category of works, supplies, consultancy, and non-consultancy services, (b) procurement method, (c) and contract value.

Using guidelines in the Procurement Audit Manual, the sample size was assessed as representative of the population of transactions. The audit covered a representative sample of thirty(30) procurement transactions that had been carried out during the Financial Year 2018/19. The list of sampled transactions is contained in **Annex 1**. The distribution of the transaction population and sample is in Table 3 below:

Table 3: Sample Size

Method	Population		Sample		Percentage of sample	
	Number	Value (UGX)	Number	Value (UGX)	% No	% Value
Direct	14	925,749,442	8	826,842,350	57	89
Open Domestic Bidding	7	1,350,799,432	7	1,350,799,432	100	100
Restricted Domestic Bidding	9	1,144,198,533	8	1,137,898,533	89	99
RFQ	49	1,291,553,465	15	787,370,321	31	61
RFP	2	208,928,800	2	208,928,800	100	100
Total	81	4,921,229,672	32	4,311,839,436	39.51	88

An entry meeting was held on 13th August 2019. At the meeting, the objectives of the audit were discussed as well as the timelines, roles and responsibilities. The Entity management was requested to avail the required records in time for the audit, to which they agreed to give the necessary assistance to the auditors.

At the end of the field data collection, a debriefing meeting was held with the Entity's Accounting Officer to conclude pending issues and any records that could not be accessed during the audit.

The Authority prepared the management letter, which was sent to the Entity on **22nd October 2019** with a request to submit management response by **30th October 2019**, which was submitted on **14th November 2019**. An exit meeting was held on **15th November 2019** to conclude the audit.

CHAPTER 2: KEY FINDINGS AND RECOMMENDATIONS

This chapter presents the findings arising from the audit. The audit was carried out based on the set criteria per the Act, Regulations and Guidelines and the Procurement Audit Manual. The root causes of non-compliance and implications are presented. The recommendations are made considering the management responses from the Entity.

2.1 Accounting Officer

2.1.1 Delayed signing of contracts

Delays were noted in the signing of contracts in two (2) procurements worth UGX 671,365,010 as indicated below:

- i. There was a delay of twenty-five (25) working days between Solicitor General's clearance of the draft contract document on 11th April 2019 and signing of the contract for the supply of a station wagon and a pool van (MUBS/Supls/2018-19/00055) worth UGX 315,360,000 for Lot 1 and UGX 254,574,360 for Lot 2 on 28th May 2019.
- ii. There was a delay of ten (10) working days between the removal of the Notice of Best Evaluated Bidder on 31st October 2014 and signing of the contract for supply of drugs for MUBS Main Campus (MUBS/Supls/2018-19/00029) worth UGX 101,430,650 on 14th November 2018.

Implication

Inefficiency in the procurement process delays service delivery.

Management Response

Management stated as follows:

- i. This procurement was done under two lots. The market survey report had estimated the total cost at UGX 526,000,000/ and the best bidders price for lot 1 was UGX. 315,360,000/ and lot two was UXG. 254,574,360/ total which was above the market survey. The delay to sign the contract was as a result of a need to make a decision on which lot could be procured since the available funds were lower than the total contract price for two lots.
- ii. Once the BEBN expires, we request for Contracts Committee to approve the Contract Document before it's finally signed for internal control systems. This delay was caused by the non-availability of Contracts Committee.

Recommendations

The Authority noted the responses but found that they were caused by administrative inefficiencies within the Entity and recommends that the Accounting Officer should ensure that procurements are undertaken in a manner that enhances efficiency as required by Section 43 of the PPDA Act 2003.

2.1.2 Submission to the Solicitor General

There was an unjustified delay of twenty-seven (27) working days between the expiry of the Notice of Best Evaluated Bidder on 31st January 2019 and the submission to the Solicitor General for approval of the draft contract document on 12th March 2019 in the procurement

for supply of office printers – Lot 2 (Heavy Duty Printers) (MUBS/Supls/2018-19/00002/1) worth UGX 235,948,080. The procurement was undertaken using Non-Tax Revenue generated by the Entity.

Implication

Inefficiency in the procurement process leads to delays in service delivery.

Management Response

The delay was caused by the approval of the draft contract document that was meant to be approved by the Contracts Committee for internal control efficiency. Upon the Contracts Committee approval, there is administrative sign off of the submission to the Solicitor General which delayed.

Recommendation

The Authority noted the response and recommends that the Accounting Officer Unit should ensure efficiency in submissions to the Solicitor General for approval of draft contract documents in accordance with Section 43 (e) of the PPDA, Act 2003.

2.1.3 Implementation of previous audit recommendations

It was noted that the Entity had been issued its previous audit report for the Financial Year 2016-2017 in March 2018. The audit noted that only seven (7) (46.67%) of the previous audit recommendations were fully implemented while four (4) (43.33%) were partially implemented as indicated in Table 4:

Table 4: Status of implementation of previous audit recommendations

S/No	Recommendation	Status of implementation
1.	The Accounting Officer should setup a mechanism to ascertain market prices prior to initiation of the procurement process and contract placement in accordance with Section 26 (4) of the PPDA Act, 2003.	Partially implemented
2.	The Head Procurement and Disposal Unit should ensure efficiency in procurement processes in accordance with Section 43 (e) of the PPDA, Act 2003.	Partially implemented
3.	The Head, Procurement and Disposal Unit should ensure that all statement or requirements is approved by the Contracts Committee in accordance with Section 28 of the PPDA Act, 2003.	Fully implemented
4.	The Head, Procurement and Disposal Unit should ensure that arithmetic errors are corrected and communicated to the concerned bidders through a written request for clarification as per Regulation 14 (3) of the PPDA (Evaluation) Regulations, 2014.	Partially implemented
5.	The Accounting Officer should ensure that all PPDA recommendations are implemented so as to improve the Entity's performance.	Partially implemented
6.	The Accounting Officer should ensure that the User Departments prepare comprehensive work plans and all intended items are included on the plan in accordance with Regulation 3 of the PPDA (Procuring and Disposing Entities)	Fully implemented

S/No	Recommendation	Status of implementation
	Regulations, 2014. In the event that amendments are made to the procurement plan, the Head, Procurement and Disposal Unit should update the procurement plan in accordance with Section 58 of the PPDA Act, 2003.	
7.	The Head, Procurement and Disposal Unit should ensure the application of preference schemes in accordance with Section 59 of the PPDA Act, 2003 and Regulation 29 of the PPDA (Procuring and Disposing Entities) Regulations, 2014.	Partially implemented
8.	The Accounting Officer should caution; the Contracts Committee, the Head, Procurement and Disposal Unit and User Departments for failure to adhere to Regulations 27 and 37 of the PPDA (Rules and Methods for proc of supplies, works and non-consultancy services) Regulations 2014, in the preparation of solicitation documents.	Partially implemented
9.	The Head, Procurement and Disposal Unit should ensure that where a request for clarification is received, the procuring and disposing entity shall promptly provide a clarification in writing and the clarification shall be copied to all bidders to whom the bidding documents were issued, and shall include a description of the request without identifying the source of the request in accordance with Regulation 49 (3) of the PPDA (Rules and Methods for Procurement of Supplies Works and Non Consultancy Services) Regulations, 2014.	Fully implemented
10.	The Chairman Evaluation Committee should ensure that Evaluation is completed within the stipulated time limits as per Regulation 5 (1) of the PPDA (Evaluation) Regulations, 2014.	Partially implemented
11.	The Head, Procurement and Disposal Unit should ensure that the Evaluation Committee members strictly adhere to the criteria set out in the solicitation document in accordance with Regulation 7 of the PPDA (Evaluation) Regulations, 2014.	Partially implemented
12.	The Accounting Officer should task the Heads of User Departments and contract managers to ensure that contracts are implemented as per the terms in the contracts.	Partially implemented
13.	The Head, Procurement and Disposal Unit should ensure that a complete procurement action file is maintained for all procurements in accordance with Section 31 (o) of the PPDA Act, 2003	Partially implemented
14.	The Accounting Officer should ensure that all procurements conducted within a financial year into the GPP system.	Partially implemented

Implications

Failure to fully implement audit recommendations affects improved performance of the procurement function.

Management response

All efforts were made to implement all the audit recommendations, where the implementation was not well done, we shall engage all stake holders to implement and effort will be made to abide by the audit recommendations.

Recommendations

The Accounting Officer should ensure that all audit recommendations are implemented so as to improve the Entity's performance.

2.2 Procurement and Disposal Unit

2.2.1 Issuance of inadequate solicitation documents

The audit noted that the solicitation documents issued to bidders in six (6) procurements worth UGX 1,187,973,108 contained irregularities as indicated in Table 5:

Table 5: Procurements in which inadequate solicitation documents were issued

S/No	Subject of Procurement	Issues	Management Response
1.	Supply of academic certificates for post-graduate diplomas, ordinary diplomas and certificates (MUBS/Supls/2017-18/00006) worth UGX 84,226,604	The solicitation document issued to bidders did not include the bid securing declaration form.	All effort are put in place to attach the copy of the bid securing declaration which is not part of the SBD for RFQ. This is one of the few incidents where it is not attached. This will be avoided.
2.	Hire of lecture and office space for MUBS Arua Campus (MUBS/Srvcs/2018-19/00076) worth UGX 180,000,000 per annum	<ul style="list-style-type: none">• The terms of reference were inadequate and did not clearly spell out the requirement.• The evaluation criteria were inadequate as it did not require bidders to submit certificates of occupancy. It was further noted the although the evaluation criteria required bidders to submit tax clearance certificates and evidence of fulfilment of obligations to pay social security obligations, the periods for which the clearance certificates were required was not mentioned.• The Instructions to Bidders (ITBs) did not include clauses relating to	<ul style="list-style-type: none">• According to the user, the terms of reference in the bid document were adequate. These include location to be with in One Kilometer from the district headquarters, Lecture and Office space within 1000sqm, with power and water source.• The service provider is an individual not a company and some documents could not be availed and they

S/No	Subject of Procurement	Issues	Management Response
		<p>the handling of disputes that may arise.</p>	<p>were waved off since we only had one bidder after opening up the procurement in the daily newspapers and there was an urgent need to relocate the students.</p> <ul style="list-style-type: none"> Whereas this clause was not included in the SCCs, the GCC: 17 clearly stipulated the dispute handling mechanism.
3.	<p>Supply of office printers – Lot 2 (Heavy Duty Printers) (MUBS/Supls/2018-19/00002/1) worth UGX 235,948,080</p>	<ul style="list-style-type: none"> Although the requirement was for bidders to submit evidence of fulfilment of obligations to pay social security contributions and taxes, the exact period for which the clearances was required was not mentioned. Restrictive evaluation criteria. The bidding document issued to bidders required the submission of ISO certification of quality (ISO 9001) and ISO certification of environmental (ISO 14001). The specifications of the requirement were tailored toward the purchase of HP Laserjet 700 series 	<ul style="list-style-type: none"> For evidence of payment of social security contributions and taxes only evidence relating to whether the bidder was remitting payments to URA and NSSF for its workers was required and was provided. These were for the previous year. The ISOs indicated were requested for as best practice for sustainability in terms of quality and

S/No	Subject of Procurement	Issues	Management Response
		printers.	<p>environmental protection.</p> <ul style="list-style-type: none"> The user department tried to provide the specifications that were favorable, fair and without bias to brand. If this was not attained, efforts will be made to improve.
4.	Supply of a station wagon and a pool van (MUBS/Supls/2018-19/00055) worth UGX 315,360,000 for Lot 1 and UGX 254,574,360 for Lot 2.	The margin of preference was unjustifiably waived from the solicitation document issued to bidders and yet the Open Domestic Bidding procurement method was used.	The procurement was reserved for local and national providers as was clearly indicated on the first page of the SBD attached.
5.	Supply of sports equipment (MUBS/SPLS/1819/00057) worth UGX 34,621,200	Use of brand names such as “Gilbert” in the description of the rugby balls, “Molten” in the description of the basketballs, “Spalding” in the description of the table tennis balls and “Stiga” in the description of the lawn tennis balls.	Being an unusual procurement, the specifications were technical in nature and all players in the procurement process were not able to notice the brand names in the specifications. This has however been noted and will not happen in future procurements.
6.	Supply of electrical materials (MUBS/SPLS/18-19/00078) worth UGX 36,585,664	Use of brand names such as “Crabtree” in the description of the electrical supplies.	This was not noticed in the bidding process. Efforts will be in place to avoid the re-occurrence.

Implications

- Providers may deliver wrong supplies or undertake poor quality works thus affecting service delivery.

- Poor quality solicitation documents make it difficult for bidders to prepare and submit responsive bids.
- Use of brand names limits competition.

Recommendation

The Authority noted the responses but found that the evidence adduced was unsatisfactory and recommends that the Accounting Officer should caution; the Contracts Committee, the Head, Procurement and Disposal Unit and User Departments for failure to adhere to Regulations 27 and 37 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2014 in the preparation of solicitation documents.

2.2.2 Submission to the Contracts Committee

The Authority noted delays in submissions to the Contracts Committee in three procurements worth UGX 890,109,044 as indicated below:

- i. The Authority noted that although the evaluation of bids for the supply of academic certificates for post-graduate diplomas, ordinary diplomas and certificates (MUBS/Supls/2017-18/00006) worth UGX 84,226,604 was concluded on 18th September 2017, the submission by the Procurement and Disposal Unit to the Contracts Committee for approval of the recommendation of award of contract was forty (40) days later on 8th November 2017.
- ii. There was a delay of eight-seven (87) working days between the confirmation of availability of funding by the Accounting Officer in the procurement for supply of office printers – Lot 2 (Heavy Duty Printers) (MUBS/Supls/2018-19/00002/1) worth UGX 235,948,080 and submission to the Contracts Committee for approval of the solicitation document, procurement method and Evaluation Committee on 5th October 2018.
- iii. There was a delay of eighteen (18) working days between confirmation of availability of funding for the procurement on 18th October 2018 and submission to the Contracts Committee for approval of the solicitation document, procurement method and Evaluation Committee on 14th November 2018 in the procurement for supply of a station wagon and a pool van (MUBS/Supls/2018-19/00055) worth UGX 315,360,000 for Lot 1 and UGX 254,574,360 for Lot 2.

Implication

This leads to delays in service delivery.

Management Responses

Management responded as follows:

- i. The delay is sometimes caused by the non-availability of the Contracts Committee with the majority of the members sometimes involved in other strategic School activities which include lecturing.
- ii. This procurement was repeated and the auditors seem to have captured the dates on the form 5 and the Second time CC final approval.

- iii. The submission depends on the availability of the Contracts Committee to deliberate. This delay was caused by the non-availability of Contracts Committee.

Recommendation

The Authority noted the response and recommends that the Head, Procurement and Disposal Unit should ensure efficiency in submissions to the Contracts Committee in accordance with Section 43 (e) of the PPDA, Act 2003.

2.2.3 Use of the direct procurement method

The direct procurement method was unjustifiably used to procure the provider for the External audit services for NORAD Project (MUBS/Srvcs/2017-18/00006).

Implication

Use of the direct procurement method without adequate justification limits competition and value for money.

Management Response

Management stated that this was not a renewal. It was a new method for continuity, completion and compatibility of the project. This is a project funded by NORAD and they were required by the funders to use international Auditor Firm. The projects run for three years and it was thought important and convenient to retain the same auditors who were the best bidders in the first procurement.

Recommendation

The Authority noted the response but found that the justification of continuity was inadequate and recommends that the Contracts Committee and Head, Procurement and Disposal Unit should ensure the use of competitive procurement methods to ensure competition and value for money. Where the direct procurement method is used, the Entity should adhere to the provisions spelt out in Regulations 8, 9 and 10 of the PPDA (Rules and Methods for Procurement of Supplies Works and Non-Consultancy Services) Regulations, 2014.

2.2.4 Use of framework contracts

Whereas the Entity repeatedly procures drugs and medicines for its health facility, year on year for example supply of drugs for MUBS Main Campus (MUBS/Supls/2018-19/00029) worth UGX 101,430,650, there was failure by the Entity to enter into framework contracts for the same.

Implication

The Entity is denied the benefits of efficiency and cost effectiveness in the procurement of supplies.

Management Response

Management stated that the Entity was still exploring the opportunity of being a beneficiary from the free drug supplied by Government which offers the Health Centre with basic drugs. We thought it viable to first explore such opportunity before starting on the process of contracting under framework which also involves cost of advertisement. These drugs are bought once in an academic year, and the current procurement was advertised under Framework contract.

Recommendation

The Authority noted the response and recommends that the Head, Procurement and Disposal Unit should ensure that framework contracts are entered into for commonly procured items to provide an efficient, cost effective and flexible way of procuring supplies or services that are needed continuously or repeatedly over a period of time by reducing procurement costs and time in accordance with PPDA Guideline 10 of 2014.

2.3 Contracts Committee

2.3.1 Approvals of evaluation reports with irregularities

The Contracts Committee irregularly approved recommendations of award of contracts based on evaluation reports that contained irregularities as indicated in *Section 1.5* of this management letter.

Implication

Lack of adequate internal controls in the procurement function.

Management Response

Management responded to the queries as raised under Section 2.5.

Recommendation

The Authority noted the responses and recommends that the Contracts Committee should adhere to Section 30 of the PPDA Act, 2003 which clearly outlines the roles to be played by the Contracts Committee including adjudication of submissions of recommendation of award of contract.

2.3.2 Delayed Contracts Committee approval

There was a delay of sixteen (16) working days between submission to the Contracts Committee for approval on 18th December 2018 and the approval of the Contracts Committee on 16th January 2019 in the procurement for supply of office printers – Lot 2 (Heavy Duty Printers) (MUBS/Supls/2018-19/00002/1) worth UGX 235,948,080.

Implication

This leads to a delay in service delivery.

Management Response

This was caused by the School's operations break off for Christmas holiday from 20th December to early January.

Recommendation

The Authority noted the response and recommends that the Chairperson of the Contracts Committee should ensure efficiency in adjudication and approvals in accordance with Section 43 (e) of the PPDA, Act 2003.

2.4 User Departments

2.4.1 Failure to adequately meet contractual obligations

The audit noted that there was failure by the contract managers to adequately manage the contracts in three (3) procurements worth UGX 2,218,121,449 as indicated in Table 6:

Table 6: Procurements in which contractual obligations were not fully met

S/No	Subject of procurement	Issues	Management Response
1.	Hire of lecture and office space for MUBS Arua Campus (MUBS/Srvcs/2018-19/00076) worth UGX 180,000,000 per annum	The solicitation document issued to bidders and the signed contract required that the facility to be rented had to have a standby generator. It was however noted that the facility hired from Ms. Mania Margaret Azaa did not have the generator which necessitated the Entity to enter into a contract with another provider to supply a generator and its related accessories and yet the contract signed by Ms. Mania Margaret Azaa required the provider to provide a generator. There may not have been value for money in the procurement.	This procurement requirement was advertised and we got one bidder responding who didn't have the generator. We eventually procured the generator which is owned by the School. There was an urgent need to relocate the students to this campus since the previous rented campus premises had to be vacated and the Semester was opening to avoid a crisis.
2.	Supply and installation of biometric machines at MUBS (MUBS/SPLS/18-19/00049) worth UGX 38,055,000	Delayed implementation of the contract. Whereas GCC 12.1 of the signed contract document provided that supplies should be delivered 20 days from the date of the contract (11 th march 2019), by 27 th August 2019, the provider, Jill Insights (U) Ltd had not trained the User Departments on how to use the system even though the biometric system and software had been installed. It was further noted that as of the time of the audit, the biometric system was not in use and thus raising concerns about whether value for money had been achieved or whether the procurement was nugatory in nature.	Training for Staff was delayed by the need to complete Systems Integration stage. There was need for the external player (NIRA) to authorize MUBS to access the employees' database. A request for the access to employee data from NIRA had been made and was pending a response from NIRA. However, this has been concluded.
3.	Construction of access roads at Makerere University Business School Nakawa campus worth UGX 1,852,166,449	<ul style="list-style-type: none"> • GCC 27.3 required that the contractor would provide programme updates every thirty (30) days and that UGX 10,000,000 would be withheld for failure by the provider to submit the programme updates. It was noted that although Destiny 	<ul style="list-style-type: none"> • All updated programs were provided by the contractor and copies are on file. • The Contractor submitted the environmental, Health and safety

S/No	Subject of procurement	Issues	Management Response
		<p>Civil Engineering Company Limited did not submit updated work-programmes as per the 30-day schedule, there was no evidence that the Entity withheld the sums. The Entity was thus denied a saving of UGX 10,000,000.</p> <ul style="list-style-type: none"> • There was no evidence that the contractor submitted to the Entity environmental action plans, decommissioning plans and reports. • On 24th August 2017, the contractor submitted a team for provision of construction supervision services. These services were provided for in the contract as a prime cost sum amounting to UGX 75,000,000. It was irregular for the contractor to nominate his own supervisors and pay the same as it poses a great risk of conflict of interest. It was further irregular for the contractor to nominate his own staff to undertake the supervision and charge 15% of the sum for supervision amounting to UGX 7,500,000 as overhead costs and profit. • On 24th August 2017, the contractor submitted a team to provide design services. These services were provided for in the contract as a prime cost sum amounting to UGX 100,000,000 as per BoQ 56.03. It was noted that it was irregular for the contractor to nominate his own staff to undertake the design and charge 15% of the sum for designs amounting to UGX 15,000,000 as overhead 	<p>management plan on 14th December 2017 and a copy of the report is on file.</p> <ul style="list-style-type: none"> • The scope of works on this project included the design and construction of the Access roads which also required having a resident engineer and the clerk of works for proper execution of works. On August 7th, 2017 the contractor submitted the technical and financial proposal to the project manager. • In pursuant of GCC.4.1. The project manager scrutinized the report and recommend the team for approval. • The scope of works on this project included the design and construction of the Access roads. On August 7th, 2017 the contractor submitted the technical and financial proposal to the project manager. • In pursuant of GCC.4.1. The project manager

S/No	Subject of procurement	Issues	Management Response
		<p>costs and profit.</p> <ul style="list-style-type: none"> • Although the interim payment certificate No.1 indicated that expenses incurred in relocation of electricity poles, water lines and telecom lines was UGX 21,000,000, up from UGX 3,000,000 indicated in the signed contract document, there was no evidence as to which specific services were relocated or quotations from the different service providers for the same. There may not be value for money. • Although the contract required that the type of stabilization to be used would be chemical in nature with lime specifically used, the audit noted that the contractor employed mechanical stabilization which costs significantly less than chemical stabilization. • The signed contract did not make mention as to the type of pavement to be built. 	<p>scrutinized the report and recommend the team for approval.</p> <ul style="list-style-type: none"> • Alteration/removal of services was completed on December 15th, 2017 as per the site meeting held on December 15th 2017 a decision was taken to widen the road from 6 meters to 13 meters there was unforeseen activity of removal of trees, in pursuant GCC 1.1 za the project manager issued an instruction for removal of trees to the contractor. On file are the instruction copies. • The road was done as per the BOQ Specifications 38.03 a. copy of the initial consumption of lime test is on file. • This is stated in the contract document (BOQ) under item 45.01.

Implication

Failure to attain value for money.

Recommendation

The Authority noted the response but found that the evidence adduced was unsatisfactory and recommends that the Accounting Officer should prevail over Heads of User Departments to ensure that contract managers carry out their functions in accordance with Regulation 53 of the PPDA (Contracts) Regulations, 2014.

2.4.2 Poor planning

There was poor scoping and planning by the User Department in the procurement for hire of lecture and office space for MUBS Arua Campus (MUBS/Srvcs/2018-19/00076) worth UGX 180,000,000 per annum. The Entity requested Arua District Local Government through the Directorate of Natural Resources to undertake a valuation/market survey of the property that the Entity had envisaged as potentially the rental space. The valuation report dated 10th May 2017 indicated that the space could be rented for UGX 12,000,000 per month including VAT. It was however noted that on 5th May 2017, the procurement for rental space was initiated at UGX 15,300,000 per month, UGX 3,300,000 per month over the estimated market price. It was also noted that the contract was signed at a cost of UGX 15,000,000 per month for a total of UGX 180,000,000 annually. In comparison, the market value of the rental space had been estimated as UGX 144,000,000, UGX 36,000,000 lower than the final contract value.

Implication

Poor planning leads to delays in service delivery.

Management Response

The market survey report was for only the structure (the constructed Block) that housed the lecture and Office space 994.871sqm. MUBS was interested in the extra space for parking, open green space as a reading area. This was the only reason why the extra UGX. 3,300,000 was added on to the estimated to cater for extra required space.

Recommendation

The Authority noted the response but found that the needs assessment was lacking and recommends that the Accounting Officer should prevail over Heads of User Departments to ensure adequate planning of procurement requirements as enshrined in Regulations 3 and 4 of the PPDA (Procuring and Disposing Entities) Regulations, 2014.

2.4.3 Delayed initiation of procurements

The audit noted delays in initiation of three (3) procurements worth UGX 720,441,560 as indicated in Table 7:

Table 7: Procurements in which initiation was delayed

S/No	Subject of Procurement	Planned Initiation Date	Actual Initiation Date	Variance (days)
1.	Supply of a station wagon and a pool van (MUBS/Supls/2018-19/00055) worth UGX 315,360,000 for Lot 1 and UGX 254,574,360 for Lot 2.	24 th July 2018	18 th October 2018	19
2.	Supply and delivery of printed calendars for 2019 (MUBS/SPLS/18-19/00040) worth UGX 46,657,200	6 th September 2018	10 th October 2018	24
3.	Supply of academic certificates (MUBS/SPLS/18-	6 th June 2018	26 th July 2018	35

S/No	Subject of Procurement	Planned Initiation Date	Actual Initiation Date	Variance (days)
	19/00013) worth UGX 36,000,000			

Implication

Inefficiency in the procurement process leads to delays in service delivery.

Management Response

Management stated that the Procurement and Disposal Unit reminds users from time to time to initiate their procurements as planned. The User remains responsible for making decisions and to act on their procurement initiation. Nevertheless, the Procurement and Disposal Unit will remain engaging users to abide by the timelines.

Recommendations

The Authority noted the response and recommends as follows:

- The Head Procurement and Disposal Unit should monitor the procurement plan and ensure that User Departments initiate and forward their requirements to the Unit in accordance with Section 34 of the PPDA Act, 2003. Where funds are not available, the Entity should initiate the procurements up to the point of display of the Notice of Best Evaluated Bidder and only sign the contract after funds have been received.
- The Accounting Officer should ensure that procurements are undertaken in a manner that enhances efficiency as required by Section 43 of the PPDA Act, 2003.

2.4.4 Execution of contracts outside the contract period

The audit noted that in three (3) procurements worth UGX 148,847,804, the providers completed the delivery of supplies and services after the contracts had expired as indicated in Table 8:

Table 8: Contracts executed outside the contract period

S/No	Subject of Procurement	Contractual completion date	Actual completion date	Variance (Days)
1.	Supply of academic certificates for post-graduate diplomas, ordinary diplomas and certificates (MUBS/Supls/2017-18/00006) worth UGX 84,226,604	19 th January 2018	11 th October 2018	186
2.	Supply of sports equipment (MUBS/SPLS/1819/00057) worth UGX 34,621,200	23 rd February 2019	15 th April 2019	41
3.	Supply of text books for MUBS campus and up-country campuses (Lot 1) (MUBS/SPLS/18-19/00028) worth UGX 30,000,000 by Geoffrey	2 nd February 2019	21 st May 2019	59

S/No	Subject of Procurement	Contractual completion date	Actual completion date	Variance (Days)
	Kituyi Mayoka			

The Authority further noted that although GCC 20.1 of the contract for the supply, delivery and installation of power generators at MUBS Mbale and Arua campuses (MUBS/SPLS/18-19/00003) worth UGX 106,720,380 provided that services should be performed 15 days from contract signature, the generators were delivered to the Mbale campus on 22nd September 2018 and Arua campus on 29th September 2018 which was 19 and 24 days respectively after expiry of the contractual completion date of 16th September 2018.

Implication

Failure to have contracts completed in time indicates inadequate contract supervision and/or poor-quality providers which causes delays in service delivery and ultimately failure to attain value for money.

Management Response

Management responded as follows:

- i. The delay between the contractual delivery period and actual delivery was a result of the gradual compilation of the names of students who tend to delay clearing with the University and need their certificates as soon as they are done with clearing. Thus the School Registrar sends names in batches until all contracted quantity of certificates is attained.
- ii. The delay was as a result of the need for students' right sizes because they had to fit in the supplies and the readily available supplies were not of the right sizes as per contract manager's report attached.
- iii. This was an anomaly also noted and put to the attention of the Accounting Officer by PDU. The bidders who are MUBS Staff under this lot have been advised and guided on the consequences of failure to execute their contractual obligations in time to avoid this from re-occurrence.

Recommendations

The Authority noted the responses but found them unsatisfactory and recommends as follows:

- The Accounting Officer should task Heads of User Departments and contract managers to ensure that contracts are implemented within the stipulated contract periods.
- The Head, Procurement and Disposal Unit and Contracts Committee should ensure that contract selection methodologies are strengthened to ensure that high-quality providers are sourced to reduce delays in completion of contracts. Clauses should be included in the solicitation documents issued to bidders to limit the competitiveness of providers with historical non-performance of contracts.

2.4.5 Irregular advance payment

An advance payment amounting to UGX 180,000,000 (100% of the contract sum per annum) was effected to Ms. Mania Margaret Azaa for the hire of lecture and office space for MUBS Arua Campus (MUBS/Srvcs/2018-19/00076) worth UGX 180,000,000 per annum and yet the signed contract document did not provide for advance payment and no advance payment

security was submitted by the provider. The Authority further noted that GCC 24.2 provided that a performance report reflecting the state of the provider’s service for the month of performance and invoice would have to be submitted for payment to be effected. This condition was circumvented by effecting payment to the provider in advance.

Implication

The Entity stands at risk in the event of non-performance by the provider.

Management Response

The owner of the rented property required rent to be paid upfront before occupation of their property premises because the building was used as primary school before, to make it habitable for university students a lot in form of modifications had to be made and the School had no other choice. Nevertheless the Land Lord was notified but she could not understand the need and the process.

Recommendations

The Authority noted the response but found that the contract did not provide for any advance payments and recommends as follows:

- The Accounting Officer should take responsibility for the irregular advance payment.
- The Accounting Officer and University Bursar should ensure that advance payments are made in accordance with Regulation 44 of the PPDA (Contracts) Regulations, 2014.

2.5 Evaluation Committees

2.5.1 Irregularities during evaluation of bids

Irregularities in evaluation of bids were noted in seven (7) procurements worth UGX 3,061,761,143 as indicated in Table 9:

Table 9: Procurements in which irregularities during evaluation were noted

S/No	Subject of procurement	Issue	Management Response
1	Supply of academic certificates for post-graduate diplomas, ordinary diplomas and certificates (MUBS/Supls/2017-18/00006) worth UGX 84,226,604	The best evaluated bidder, Smith and Ouzman, should have been eliminated during technical evaluation of bids for failure to provide evidence of having performed similar work/supplies or recommendation from an Entity where such works have been performed.	Experience of having performed contracts /supplies of similar nature was attached by M/s Smith and Ouzman as per attached
2	Hire of lecture and office space for MUBS Arua Campus (MUBS/Srvcs/2018-19/00076) worth UGX 180,000,000 per annum	<ul style="list-style-type: none"> • Ms. Mania Margaret Azaa should have been eliminated during preliminary evaluation of bids for submission of an incomplete bid submission sheet. • The Evaluation Committee failed to note an arithmetic error in the bid submitted by Ms. Mania Margaret Azaa. The bidder quoted a price of 	<ul style="list-style-type: none"> • Whereas the invitation was through an advert (open bidding), the only single bidder who showed interest couldn’t be dropped because

S/No	Subject of procurement	Issue	Management Response
		<p>UGX 15,000,000, that the Evaluation Committee considered as the correct bid price instead of UGX 15,022,537. It was further noted that there was no mention as to whether the price quoted was the lumpsum cost for the 12 months required or a monthly cost.</p> <ul style="list-style-type: none"> Ms. Mania Margaret Azaa did not indicate as part of the bid submitted whether or not the facility had reliable and steady supply of water and electricity and did not indicate the availability of a standby generator. 	<p>this was a facility urgently needed for teaching students. Some requirements had to be waived because of the nature of procurement and the opening of the students' semester was due.</p> <ul style="list-style-type: none"> The arithmetic error was not identified. The bidder quoted UGX.15,000,000 per month totaling to UGX 180,000,000 for 12 months. For the reliable and steady access to utilities, the Evaluation Team made a physical evaluation of the sight
3	Supply of office printers – Lot 2 (Heavy Duty Printers) (MUBS/Supls/2018-19/00002/1) worth UGX 235,948,080	Mantra Technologies should have been eliminated during evaluation of bids for failure to submit evidence of ISO 9001 certification.	ISO 9001 and Manufacturer's authorization were attached by M/s Mantra Technologies and are available in their bid document for verification.
4	Supply of a station wagon and a pool van	<ul style="list-style-type: none"> Toyota Uganda Limited should have been eliminated during preliminary evaluation of bids for failure to 	<ul style="list-style-type: none"> M/s Toyota Uganda submitted a copy

S/No	Subject of procurement	Issue	Management Response
	(MUBS/Supls/2018-19/00055) worth UGX 315,360,000 for Lot 1 and UGX 254,574,360 for Lot 2.	<p>submit a Manufacturer's Authorization in the format prescribed by the solicitation document issued to bidders.</p> <ul style="list-style-type: none"> • Toyota Uganda Limited should have been eliminated during preliminary evaluation of bids for indicating in its bid a delivery period of 1-3 months against the requirement of a maximum of 45 working days. • The Evaluation Committee failed to detect an arithmetic error in the bid submitted by Toyota Uganda Limited. VAT should have been UGX 48,106,039.32 but Toyota Uganda Limited quoted UGX 48,104,226 for the supply of a Land Cruiser Prado. Thus, the provider was underpaid by UGX 1,813.32. It was further noted that VAT for the minivan should have been UGX 38,683,082.52 but Toyota Uganda Limited quoted UGX 38,682,846 for the supply of a Land Cruiser Prado. Thus, the provider was thus underpaid by UGX 236.52. • Ms. Sheila Kasujja did not sign the evaluation report and there was no minority report in place. 	<p>of manufacturer's authorization (Issued by Toyota Motor Corporation) and it's available on file for review.</p> <ul style="list-style-type: none"> • Whereas the Entity wanted to receive the vehicle within 45 days, we experience delay on the delivery but this was acceptable. • The arithmetic errors identified were immaterial in nature. • The School only bought a Station Wagon. • The Mini Van was not bought and thus no contract was signed at a cost of UGX 569,934,360. • Sheila participated in the evaluation process and agreed with the entire outcome of the evaluation. This is evidenced by her signature on

S/No	Subject of procurement	Issue	Management Response
			the Code of Ethical Conduct which is signed before an evaluation is started. By the time of report signing she had gone on leave. This will however be avoided.
5	Supply and installation of biometric machines at MUBS (MUBS/SPLS/18-19/00049) worth UGX 38,055,000	Jill Insights (U) Ltd was found to be compliant to the preliminary evaluation criteria by the Evaluation Committee and yet the bidder did not submit evidence of fulfillment of obligation to pay taxes.	This was an anomaly and it will be avoided
6	Supply of drugs for MUBS Main Campus (MUBS/Supls/2018-19/00029) worth UGX 101,430,650	<ul style="list-style-type: none"> • The individual with the Power of Attorney, Mr. Sarabdeep Singh Nayer was not the same individual who signed the bid document on behalf of the Surgipharm Uganda Limited. The bidder should thus have been eliminated during preliminary examination of the bids. It was also noted that the bidder did not submit a NSSF clearance certificate and tax clearance certificate. • Surgipharm Uganda Limited did not submit evidence of completion of similar assignments within the last two years, with at least one contract worth UGX 50,000,000. It was further noted that the bidder had evidence of historical non-performance of a contract with the Entity for the supply of the same items. The Entity's doctor, Dr. Amina Tamale in a letter to the Head, Procurement and Disposal Unit noted that the Entity had 	<ul style="list-style-type: none"> • MrSarabdeep Singh Nayer was authorized to sign the bid for M/s Surgipharm and his name featured on the bid securing declaration. It was not noticeable that the signatory belonged to the different person. Nevertheless, PDU will always cross check to avoid such errors. • This was an anomaly, however, Surgipharm supplied the drugs previously

S/No	Subject of procurement	Issue	Management Response
		<p>delayed delivery of supplies for a related previous contract by over 12 months.</p>	<p>and therefore they had performed similar works and we could not have eliminated them at this level.</p> <ul style="list-style-type: none"> • For Contractor's no-performance • Dr. Amina Tamale's Letter, The Contract Manager (Dr. Umar Rashid) had not yet been communicated to PDU of any matter relating to delays by the contractor at the time of bidding for the new procurement which started on September 3, 2018. • Dr. Tamale took responsibility to notify PDU of the delay on February 1, 2019 only after the provider wrote to PDU indicating delay in payment and PDU subsequently asked the Health Unit to explain the delay which was

S/No	Subject of procurement	Issue	Management Response
			acknowledged to have been a fault on the side of the Health Unit.
7	Construction of access roads at Makerere University Business School Nakawa campus worth UGX 1,852,166,449	The Evaluation Committee failed to note that the best evaluated bidder, Destiny Civil Engineering Company Limited, had in its bid, an arithmetic error of commission in the bills of quantities. The contract sum should have been UGX 3,894,000 lower than the evaluated and awarded sum of 1,498,478,047. The signed contract sum should have been UGX 1,494,584,047. There was a financial loss of UGX 3,894,000.	This was noted but the money will be deducted in the subsequent payments during the final account and appraisal of the project

Implication

Unfairness during evaluation leads to contract award to non-compliant bidders and compromises on benefits of maximum competition.

Recommendations

The Authority noted the response but found that the evidence adduced was inadequate and recommends as follows:

- The Head, Procurement and Disposal Unit should ensure that Evaluation Committee members strictly adhere to the criteria set out in the solicitation document in accordance with Regulations 48 (4) and 73 of the Local Government (PPDA) Regulations, 2006.
- The Head, Procurement and Disposal Unit should ensure that technical guidance is always provided to Evaluation Committees.

Management Response

2.5.2 Delayed evaluation

Delays in the evaluation of bids in two (2) procurements worth UGX 137,430,650 were realized as indicated in Table 10:

Table 10: Procurements in which evaluation of bids was delayed

S/No	Subject of Procurement	Date of bid opening	Date of completion of evaluation	Variance (Days)
1.	Supply of academic certificates (MUBS/SPLS/18-19/00013) worth UGX 36,000,000	14 th September 2018	24 th October 2018	25
2.	Supply of drugs for MUBS Main Campus	18 th September 2018	23 rd October 2018	23

S/No	Subject of Procurement	Date of bid opening	Date of completion of evaluation	Variance (Days)
	(MUBS/Supls/2018-19/00029) worth UGX 101,430,650			

Implication

Delays at Evaluation lead to delays in service delivery.

Management Response

Management responded as follows:

- i. The availability of the evaluation team members sometimes become tricky especially where the membership includes the academic staff who are involved in lecturing during working hours.
- ii. The availability of the Doctors who are the technical people at evaluation stage is not achieved as required, thus the delay.

Recommendation

Chairpersons of Evaluation Committees should always ensure that evaluation is completed within the stipulated time limits as per Regulation 5 (1) of the PPDA (Evaluation) Regulations, 2014. In the event that the Evaluation Committee is unable to complete the evaluation of bids within the prescribed time, the Evaluation Committee should in writing explain to the Accounting Officer the reasons for this and request for extension of the time period for the evaluation exercise in accordance with Regulation 5 (2) of the PPDA (Evaluation) Regulations, 2014.

2.6 Record keeping and reporting

2.6.1 Missing records

The documents indicated in Table 8 were not provided to the audit:

Table 11: List of missing documents

No.	Subject of Procurement	Missing documents
1.	Supply of a station wagon and a pool van (MUBS/Supls/2018-19/00055) worth UGX 315,360,000 for Lot 1 and UGX 254,574,360 for Lot 2.	Evidence of inspection of the supplies by the team specified in the contract.
2.	Supply and installation of biometric machines at MUBS (MUBS/SPLS/18-19/00049) worth UGX 38,055,000	<ul style="list-style-type: none"> • Contract implementation plan. • Delivery notes, invoices and payments
3.	Supply of MBA chairs (MUBS/SPLS/18-19/00037) worth UGX 82,836,000	Evidence of payment.

Implication

Lack of records on a procurement or disposal process affects the audit trail.

Recommendation

The Head, Procurement and Disposal Unit should ensure that a complete procurement action file is maintained for all procurements in accordance with Section 31 (o) of the PPDA Act, 2003

2.7 Procurement Planning

2.7.1 Procurement Plan Implementation

Table 9 summarizes information about the procurement plan, budget, and utilization of funds. The procurement plan implementation rate was 96.58% while the budget variance was UGX 368,687,296.

Table 12: Procurement Plan Implementation

Table 1. Analysis of procurement spend	
Total procurement plan value inclusive VAT (UGX)	10,775,519,979
Total procurement spend value inclusive VAT (UGX)	10,406,832,683
Budget Absorption Rate (%)	96.58%
Budget Variance (UGX)	368,687,296

The Authority further noted that although the Entity reported to the Accountant General, a procurement plan implementation rate of 96.58% with spend of UGX 10,406,832,683, the Entity reported to the Authority procurements totaling UGX 4,92,1229,672.2. As such, the Authority noted that the Entity under reported procurements worth UGX 5,485,603,010.8.

Implication

- Failure to fully implement the procurement plan impacts on budget absorption and affects service delivery.
- Under-reporting of procurements is indicative of a lack of transparency in the procurements undertaken by the Entity.

Management Response

Management stated that the failure to absorb the procurement plan is caused by the fact that some School activities were rescheduled towards the end of the financial year and are being implemented currently.

Recommendations

Management noted the responses and recommends as follows:

- The Accounting Officer and Management should regularly carry out a review of the implementation of the procurement plan to ensure improved performance.
- The Accounting Officer should account for the low budget absorption by the Entity.
- The Accounting Officer should ensure proper and adequate reporting of all procurements undertaken in accordance with Regulation 20 of the PPDA (Procuring and Disposing Entities) Regulations, 2014.

CHAPTER 3: PROCUREMENT PERFORMANCE INDICATORS

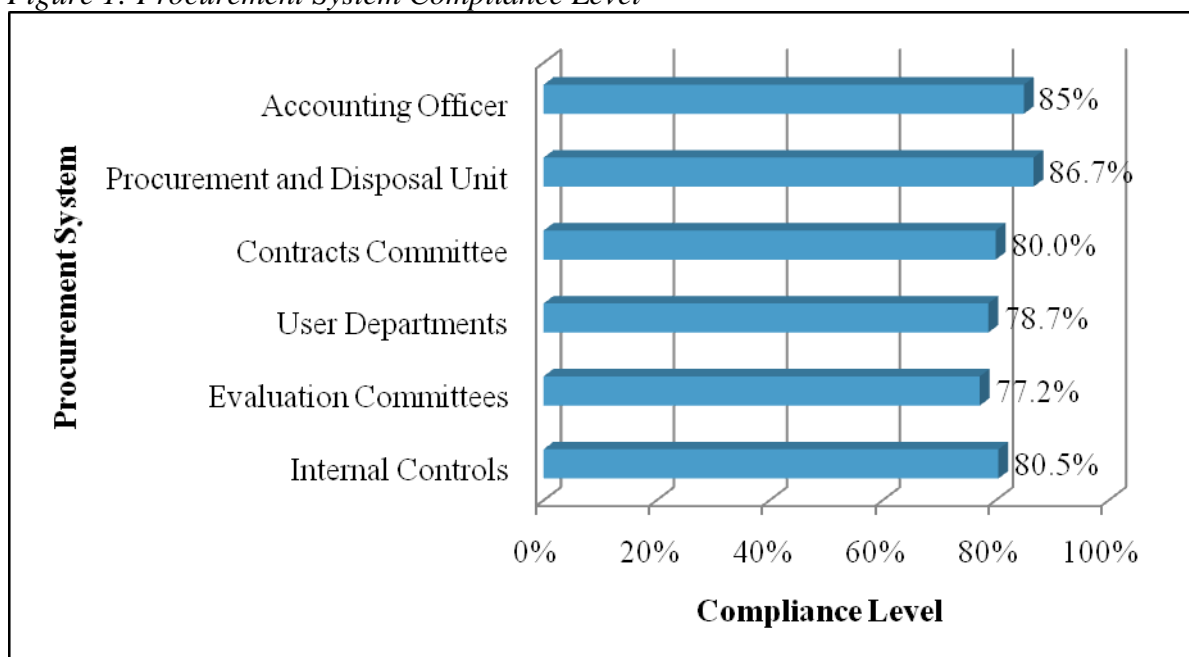
3.1. Compliance score

3.1.1. Procurement System Compliance Level

The compliance levels for each dimension of the procurement system are shown in **Figure 1**. The overall compliance level for procurement system was **81.4%**. Thus, the Entity's performance regarding procurement system was **satisfactory**.

Figure 1 shows that the Entity had a relatively lower compliance levels for User Departments and Evaluation Committees.

Figure 1: Procurement System Compliance Level



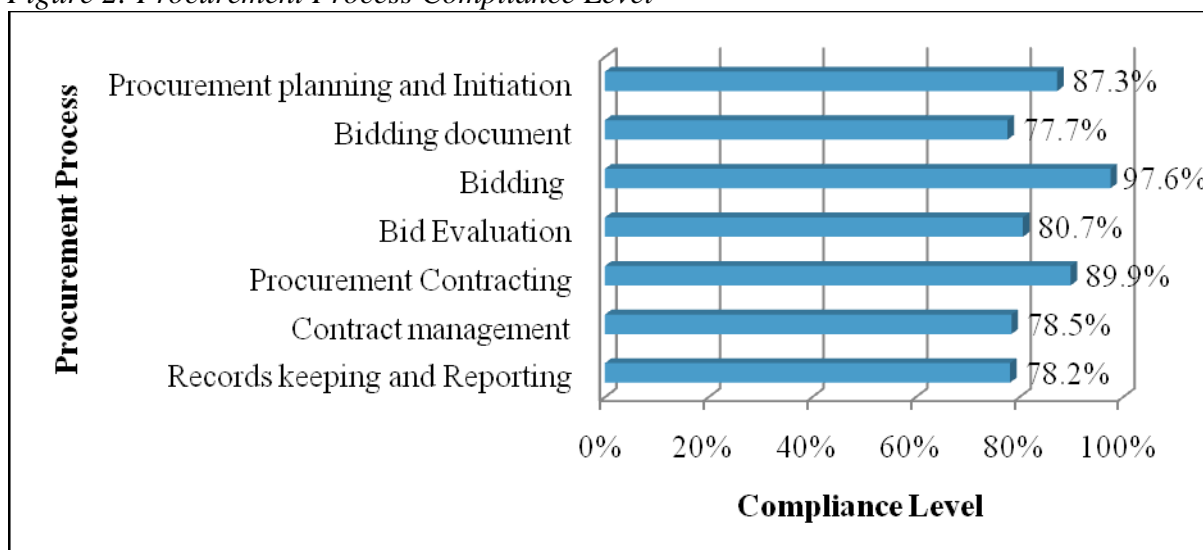
Recommendation

Makerere University Business School should implement the recommendations contained in this audit report. The target is to increase the compliance levels for procurement system from the current 81.4% to a target level of 100% in the next audit period.

3.1.2. Procurement Process Levels of Compliance

The compliance levels for each stage in the procurement process are shown in **Figure 2**. The overall compliance level for procurement processes was **84.3%**. Thus, the Entity's performance was rated **satisfactory** regarding procurement processes.

Figure 2: Procurement Process Compliance Level



Recommendation

Makerere University Business School should implement the recommendations contained in this audit report. The target is to increase the compliance levels for procurement system from the current 84.3% to a target level of 100% in the next audit period.

3.1.3. Disposal process levels of compliance

The disposal compliance level was assessed as NIL (N/A).

The audit noted that although there was a board of survey report in place at the Entity, a number of assets, especially motor vehicles that needed to be valued by the Chief Mechanical Engineer were not valued and hence not going to be disposed of.

The Entity explained that it has no mandate to carry out the disposal as the vehicles belong to Ministry of Education and Sports and that several letters have been written communicating the need to dispose of the vehicles but to no avail. The Entity further provided that management had taken the initiative to repair the furniture and other equipment as funds to replace it were inadequate.

Implication

Keeping assets that are obsolete is expensive in terms of security and storage.

Recommendation

The Accounting Officer should ensure that the disposal process of the identified items is expedited in accordance with Regulation 2 of the PPDA (Disposal) Regulations, 2014.

Table 13: Compliance Indicator Score

COMPLIANCE INDICATOR	Score (%)	Weights	Weighted Compliance Score
Procurement System Compliance Level	81.4	0.3	24.42
Procurement Process Compliance Level	84.3	0.5	42.15
Asset Disposal Process Compliance Level	Nil	0.2	Nil

Average Compliance Indicator	83.21
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The Weighted Compliance Indicator was **83.21%** which is **satisfactory**.

3.2. Performance indicators

The dimensions of the Entity's performance of economy, efficiency, efficacy, effectiveness, competition, value for money and equity were analyzed as indicated in Table 14:

Table 14: Performance Indicators

S/No	PERFORMANCE INDICATOR	Score (%)
1.	Procure Ratio:	76.67
	[Actual procurement time divided by planned procurement time in days.]	
2.	Completion Ratio:	71.53
	[Actual completion time divided by contractual completion time in days.]	
3.	Payment Ratio:	63.67
	[Actual payment time divided by contractual payment time in days.]	
4.	Number of Received Bids:	66.67
	[If the number of received bids is 3 or more]	
5.	Bid Responsive Rate:	79.86
	[The number of bids that pass technical evaluation as a percentage of the number of received bids]	
6.	Plan Ratio:	89.43
	[The total value of the awarded contract divided by the cost estimate in the procurement plan inclusive of VAT.]	
7.	Procurement Plan Implementation:	96.58
	[The actual value of the procurement spend as a percentage of the procurement budget]	
8.	Cost Ratio:	88.67
	[The actual final contract amount paid divided by the original contract amount.]	
	Average Performance Indicator	79.13

3.2.1 Efficacy (Procure Ratio): This measured the ability to provide goods or services in accordance with the planned timelines. The audit established that 76.67% of the audited procurements were conducted within the planned timelines implying a non-compliance of 23.33%.

Recommendation

The Entity should ensure that the timelines set in the procurement plan are set and adhered to.

3.2.2 Efficiency (Completion Ratio): This analyzed the time taken to execute contracts from start date to contract closure. The audit revealed that 71.53% of the audited procurements were completed within the contractual completion time. Thus, the Entity did not complete 28.47% of the procurements within the contractual completion time.

Recommendation

The Accounting Officer should ensure that contracts are completed in the timeframe agreed.

3.2.3 Effectiveness (Payment Ratio): This assessed the Entity's commitment to pay contractors within the contractual payment period. The Entity paid 63.67% of the contractors in the audited procurements within the contractual payment period with 36.33% of the payments delayed. Delayed payments may result into reduced interests and future participation by bidders.

Recommendation

The Accounting Officer should ensure that payment to providers is done in the contracted timeframe.

3.2.4 Competition (Number of Bids Received)

The Entity received more than three (3) bids in only 66.67% of the sampled procurements, and less than three (3) bids were received in 33.33% of its procurements. The Entity's competition levels are satisfactory.

Recommendation

The Accounting Officer should ensure that all procurements are undertaken in a competitive manner and in accordance with Section 46 of the PPDA Act, 2003.

3.2.5 The number of bids that passed technical evaluation (Bid Responsive Rate)

The audit revealed that 79.85% of the audited bids received passed technical evaluation. This implies that there are still cases of incompetent and incapable bidders who are not able to meet the Entity's specifications and requirements in 20.15% of the sampled procurements.

Recommendation

The Accounting Officer should ensure that the procurement system is transparent, competitive and fair in accordance with Sections 45 and 46 of the PPDA Act, 2003.

3.2.6 The variance between the total value of the awarded contract and the cost estimate in the procurement plan (Plan Ratio)

The audit revealed that 89.43% of the sampled cases were awarded within the cost estimate in the procurement plan and 10.57% above the cost estimate.

Recommendation

The User Departments should promptly notify the Procurement and Disposal Unit of any change in the procurement estimates so that the Entity can seek for additional funds to cover up the budget deficit as well as updating the procurement plan. Thorough market assessment should also be carried out both at planning and prior to imitation.

3.2.7 The actual value of the procurement spend as a percentage of the procurement budget (Procurement Plan Implementation)

The audit revealed that the procurement plan implementation rate was 96.58%. This implies that 3.42% of the procurement plan worth UGX 368,687,296 was not implemented.

3.2.8 This measured the final contract cost on completion as opposed to the total contract award price inclusive VAT (Cost Ratio)

The audit noted that in 88.67% of the thirty (30) procurements sampled, the actual final contract amount was the same as the original contract amount. This implies that in 11.33% of the thirty (30) procurements sampled, the final contract cost was higher than the contract award price.

3.3. Overall procurement performance

The overall procurement performance score was the sum of the two weighted indicators as summarized in table 21:

Table 15: Overall procurement performance Score

Compliance Indicator	Score %	Weight	Weighted Score
Average Compliance Indicator Score	83.21	0.4	33.28
Average Performance Indicator Score	79.13	0.6	47.48
Entity's Weighted Procurement Performance Score			80.76

From the above analysis, the audit team noted that the Entity had an overall weighted average performance of **80.76%** in FY 2018/19 which performance was **satisfactory**.

CHAPTER 4: RECOMMENDED ACTION PLAN

Makerere University Business School should implement the following recommendations within the timeframe given in order to improve its performance in procurement and disposal.

4.1. Procurement process and system

Table 16: Recommended action plan for procurement process and system

S/No.	Recommendations	Action date
1.	The Heads Procurement and Disposal Unit should ensure that the procurement plan is prepared in the format issued by PPDA.	Immediate
2.	The Accounting Officer should prevail upon heads of user departments to undertake an assessment of the market price of the supplies, services or of the unit costs of the works in respect of which the procurement in accordance with Section 26 (4) of the PPDA Act 2003.	Immediate
3.	The Head Procurement and Disposal Unit should monitor framework contracts (Call off orders) in accordance with the PPDA (Contract) Regulations 2014.	Immediate
4.	The Head Procurement and Disposal Unit should ensure that the evaluation is conducted in accordance with Regulation 17(6) of the PPDA (Evaluation) Regulation, 2014 to avoid errors which might disfavor competent bidders.	Immediate
5.	The Accounting Officer should ascertain the causes for low bid response and devise mechanisms of increasing competition in the Entity so as achieve value for money.	Immediate
6.	The Accounting Officer should ensure that the contract terms and conditions are fulfilled and performance security obtained before execution of the contract in accordance with Regulation 21 (7) (b) of the PPDA (Evaluation) Regulations, 2014.	Immediate
7.	The Accounting Officer should put in place a mechanism to track orders made to ensure timely delivery.	Immediate
8.	The Accounting Officer should explore the possibility of using multiple-supplier frameworks in order to minimize risk of non-performance by the providers	Immediate
9.	The Accounting Officer should in the event of failing to arrive at a reserve price, the Accounting Officer should take into consideration Regulation 44 of the PPDA (Disposal) Regulations, 2014.	Immediate

4.2. Procurement Performance

Table 17: Recommended action plan for procurement performance

	Recommendation	Action date
Efficiency, Efficacy and Effectiveness	The Accounting Officer should ensure timely payment to providers in accordance with Regulation 49 (3) of the PPDA (Contracts) Regulations, 2014.	Continuous

ANNEXES

Annex 1: Transaction list of audited contracts

No	Subject of procurement	Reference Number	Method	Actual (UGX)	Compliance Score	Performance Score	Overall Weighted Score	Rating
1	MUBS/SPLS/18-19/00013	2000 Copies of Academic Certificates	RFQ	36,000,000	79	83	82	Satisfactory
2	MUBS/WRKS/18-19/00003	Works to partition block 1/ bursar's office	Restricted Domestic	353,208,574	94	81	84.7	Satisfactory
3	MUBS/WKS/16-17/00006	Variation no. 1 Roofing of the post graduate wing/short tower	Direct	345,065,950	94	79	82.9	Satisfactory
4	MUBS/SPLS/18-19/00055	Motor vehicles (station wagon and a pool van)	Open Domestic	315,360,000	74	57	61.9	Satisfactory
5	MUBS/SPLS/18-19/00002	Office printers for MUBS (Lot 1 & 2)	Open domestic bidding	Lot 1-14,797,200 Lot 2-53,948,080	87	76	78.7	Satisfactory
6	MUBS/WKS/16-17/00001	Boundary Wall Variation 1	Open Domestic(variation)	247,802,950	68	54	58.2	Unsatisfactory
7	MUBS/SVS/18-19/00076	Rent of lecture space for MUBS Arua Campus for 12	Open Domestic	180,000,000	79	86	83.8	Satisfactory

No	Subject of procurement	Reference Number	Method	Actual (UGX)	Compliance Score	Performance Score	Overall Weighted Score	Rating
		months						
8	MUBS/SPLS/18-19/00001	Supply and delivery of Principal and Dy. Principal's furniture	Restricted Domestic	179,042,000	79	70	72.3	Satisfactory
9	MUBS/WKS/16-17/00008	Access Roads Variation no. 1 & 2	Open Domestic(variation)	Lot 1-59,776,642 Lot 2-47,802,950	66	56	58.4	Unsatisfactory
10	MUBS/SPLS/18-19/00011	Answer booklets for Semester One AY 18/19	Restricted Domestic	147,900,000	76	42	51.3	Unsatisfactory
11	MUBS/CSVS/18-19/00002	Design and supervision of Block 10 at MUBS Main Campus	RFP	109,928,800	93	83	85.7	Satisfactory
12	MUBS/CSVS/18-19/00006	Audit services for the MUBS NORHED projects for 17/18	Direct	108,000,000	96	75	81.1	Satisfactory
13	MUBS/SPLS/18-19/00003	Supply of generators for MUBS Arua and Mbale Campuses	Restricted Domestic	106,720,380	77	43	52.2	Unsatisfactory
14	MUBS/SPLS/18-	Drugs for	Restricted	101,430,650	74	55	59.8	Unsatisfactory

No	Subject of procurement	Reference Number	Method	Actual (UGX)	Compliance Score	Performance Score	Overall Weighted Score	Rating
	19/00029	MUBS Main Campus	Domestic					
15	MUBS/SVS/15-16/00009	Consultancy services for the construction supervision of the short tower	RFP	99,000,000	64	64	64.1	Satisfactory
16	MUBS/SVS/18-19/00102	Hotel services for the MUBS Council Retreat	RFQ	93,366,130	76	84	81.7	Satisfactory
17	MUBS/SPLS/17-18/00006	Academic certificates for PGDs, Ordinary Diploma and Certificates	RFQ	84,226,604	88	79	81.7	Satisfactory
18	MUBS/SPLS/18-19/00037	MBA chairs	RFQ	82,836,000	74	57	61.8	Satisfactory
19	MUBS/SPLS/18-19/00014	White boards for MUBS	RFQ	68,250,000	91	83	85.6	Satisfactory
20	MUBS/SPLS/18-19/00014	Supply of white boards	RFQ	67,850,000	70	94	87.6	Satisfactory
21	MUBS/SPLS/18-19/00093	Text books for Jinja Campus Lot 1 &2	Restricted Domestic	Lot 1- 35,916,929 Lot 2- 65,780,000	36	0	10	Highly Unsatisfactory
22	MUBS/SPLS/18-19/00061	Tamper evident plastic security	RFQ	60,888,000	90	82	86	Satisfactory

No	Subject of procurement	Reference Number	Method	Actual (UGX)	Compliance Score	Performance Score	Overall Weighted Score	Rating
		envelopes						
23	MUBS/SVS/18-19/00134	Hotel services Management retreat	RFQ	50,499,280	88	77	80.7	Satisfactory
24	MUBS/SVS/18-19/00102	Hotel services Council retreat	RFQ	49,200,100	72	71	71.5	Satisfactory
25	MUBS/SPLS/18-19/00040	Supply of MUBS Calenders for 2019	RFQ	46,657,200	90	91	91.1	Satisfactory
26	MUBS/SVS/18-19/00161	Provision of insurance cover for 3 vehicles	RFQ	40,764,143	89	83	84.3	Satisfactory
27	MUBS/SPLS/18-19/00049	Supply and installation of Biometric Machines	RFQ	38,055,000	93	75	82	Satisfactory
28	MUBS/SPLS/18-19/00078	Supply of electrical materials	RFQ	36,585,664	68	69	68.6	Satisfactory
29	MUBS/SPLS/18-19/00057	Sports Equipment	RFQ	34,621,200	68	69	68.6	Satisfactory
30	MUBS/SPLS/18-19/00028	Supply of books for main Library and Campuses from MUBS	Direct	34,450,000	66	69	67.9	Satisfactory

No	Subject of procurement	Reference Number	Method	Actual (UGX)	Compliance Score	Performance Score	Overall Weighted Score	Rating
		Staff						

KEY:

Performance rating

No	Performance Score (%)	Performance Rating	Abbreviation	Compliance rating by population	Compliance rating by amount (UGX)
1.	90-100	Highly Satisfactory	HS	32	31,427,841,443-
2.	60-89	Satisfactory	S	9	8,979,383,269
3.	30-59	Unsatisfactory	U		
4.	0-29	Highly Unsatisfactory	HU	-	-

Annex 2. List of persons met during entry meeting

S/No	Name	Title	Period	Qualifications
1.	Suzan Kamazima	Manager Procurement and Disposal Unit	April 2015 to date	MSc Proc and Supply Chain Mgt BHRM MCIPS
2.	Rodney Twagarukaho	Administrator	2015 to date	MSC Finance, Bcom. Post Graduate Diploma in Procurement and supply chain management
3.	Judith Nabukenya	Administrative Assistant, PDU	July 2012 to date	B Proc and Supply Chain Mgt Dip Financial Services and Business comp
4.	Kassim Dungu	Supervisor, PDU	Feb 2004 to date	BBA (Purchasing)
5.	Hilda Tuhumule	Supervisor, PDU	Aug 2013 to date	BBA Dip Proc and Supply Chain Mgt

Annex 3. List of staff in the Procurement and Disposal Unit

S/No	Name	Title	Period	Qualifications
1	Suzan Kamazima	Manager Procurement and Disposal Unit	April 2015 to date	MSc Proc and Supply Chain Mgt BHRM MCIPS
2	Olivia Nansubuga	Administrator, PDU	Jan 2014 to date	BBA Dip Secretarial Mgt
3	Judith Nabukenya	Administrative Assistant, PDU	July 2012 to date	B Proc and Supply Chain Mgt Dip Financial Services and Business comp
4	Kassim Dungu	Supervisor, PDU	Feb 2004 to date	BBA (Purchasing)
5	Flavia Naggayi	Administrative Assistant, PDU	Aug 2013 to date	BSc IT Dip Proc and Supply Chain Mgt
6	Hilda Tuhumule	Supervisor, PDU	Aug 2013 to date	BBA Dip Proc and Supply Chain Mgt

Annex 4. List of the Contracts Committee members

S/No	Name	Title	Position on CC	Date of initial approval
1.	Dr Atcero Milburga	Lecturer	Member	
2.	Dr Timothy Esemu	Department of Marketing	Chairman	
3.	Florence Lunkuse	Librarian	Secretary	
4.	Mark Mugasha	Lecturer Department of Business laws	Member	
5.	Ibrahim Kintu	Deputy Director (Marketing)	Member	

Annex 5. List of User Departments

1. Office of the Principal
2. Administration
3. Student's Guild
4. Estates
5. Leadership Centre
6. ICT Centre
7. Entrepreneurship Centre
8. Micro Finance Centre
9. Executive Education Unit
10. Four (4) MUBS Campuses (Mbarara, Mbale, Jinja and Arua)
11. Seven (7) Faculties